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SENSITIVE

STATE EEB/IFD/OMA ANDREW SNOW AND RICHARD FIGUEROA
STATE WHA/EPSC FOR PETER MAIER

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SUBJECT: FISCAL TRANSPARENCY - ARGENTINA

Reftel: State 16737

This cable contains sensitive information and is not for public dissemination.

11. (U) Post submits the following responses keyed to reftel questions.

12. (U) IS THE HOST COUNTRY'S BUDGET MADE PUBLIC? By law, the Government of Argentina (GOA) makes public its national budget, including revenues and expenditures.

13. (U) IF SO, THROUGH WHAT MEDIUM (E.G. PUBLICATION, INTERNET)? The GOA budget is published in the Official Gazette and made public on various GOA Ministry websites, including that of the Ministry of Economy ([http://www.mecon.gov.ar/basehome/informacion .htm](http://www.mecon.gov.ar/basehome/informacion.htm)).

14. (SBU) ARE ALL REVENUES AND EXPENDITURES INCLUDED IN THE PUBLICLY-AVAILABLE BUDGET? No. In recent years, the GOA executive has been empowered by Congress with "superpower" budget authority, allowing the executive the discretion to make significant changes in both overall budget expenditures and allocations, including transferring funds to the provinces, all without congressional input. In recent years, GOA executive-submitted budgets have consistently understated anticipated revenues, allowing the executive to use its "superpower" authority to directly allocate over-budget revenues without parliamentary oversight, including in ways some local analysts interpret as patronage designed to enhance the executive's political influence over local and provincial leaders. The GOA's National Auditing Office (Sindicatura General de la Nacion, SIGEN), similar to the U.S. General Accounting Office, does conduct irregular audits of ministry-specific spending and makes its reports publicly available. A number of Argentine NGOs also analyze the types and efficiency of GoA budget expenditures and make their reports publicly available.

15. (SBU) IF THE REVENUES AND EXPENDITURES ARE AVAILABLE IN A PUBLICLY-AVAILABLE BUDGET, HOW MEANINGFUL AND ACCURATE IS THE INFORMATION? See paragraph 4.

16. (SBU) IF A COUNTRY IS WEAK ON FISCAL TRANSPARENCY IS IT DUE TO CAPACITY OR LACK OF WILL? It is generally acknowledged by independent economics and budget analysts that the GOA has the capacity to be more fiscally transparent. The local media have regularly carried allegations that, throughout 2007, the GoA has systematically manipulated and understated domestic inflation statistics; these reports have called into question the reliability and accuracy of other GoA statistical measures, including GDP, poverty and indigence statistics, that feed into budget preparation.

¶7. (U) ARE THERE ANY USG PROGRAMS TO STRENGTHEN THE HOST COUNTRY'S CAPACITY TO DEVELOP SOUND FISCAL POLICIES AND THAT SUPPORT TRANSPARENCY AND GOOD GOVERNANCE? No.

¶8. (SBU) ARE OTHER DONOR COUNTRIES OR MULTILATERAL INSTITUTIONS (E.G. THE EU OR WORLD BANK) PROVIDING ASSISTANCE IN THESE AREAS? The Inter-American Development Bank's 2004 IDB loan project "Institutional Strengthening of the Economic Policy Secretariat" includes components to strengthen federal budget processing information systems.

¶9. (SBU) HAS THE COUNTRY VOLUNTEERED FOR THE IMF TO REPORT ON THE COUNTRY'S COMPLIANCE WITH STANDARDS AND CODES COVERING FISCAL TRANSPARENCY? No.

WAYNE